

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Bunker prices have moved in mixed directions in East of Suez ports, and bunker availability remains good across all grades in Zhoushan.

Changes on the day to 17.00 SGT (09.00 GMT) today:

- **VLSFO prices up in Zhoushan (\$3/mt), Singapore (\$2/mt) and Fujairah (\$1/mt)**
- **LSMGO prices down in Zhoushan (\$12/mt), Singapore (\$10/mt) and Fujairah (\$5/mt)**
- **HSFO380 prices up in Zhoushan (\$6/mt) and Singapore (\$1/mt), and down in Fujairah (\$19/mt)**

Fujairah's HSFO price has run counter to the general market direction and declined by \$19/mt in the past day. Two lower-priced HSFO stems fixed in the past day have contributed to drag the benchmark down.

Fujairah's HSFO discounts to Zhoushan and Singapore stand at \$36/mt and \$29/mt, respectively.

A source says new suppliers in Fujairah have been pricing HSFO more competitively, keen to make the UAE port the most attractive among Asian bunker hubs. This has added downward price pressure.

Prompt availability remains tight in Fujairah amid good demand, with unchanged lead times of 5-7 days from last week. But some suppliers can do prompt stems across all grades subject to stem sizes, the source adds.

Meanwhile, all bunker fuel grades remain in ample supply in Zhoushan, with most suppliers recommending short lead times of 3-5 days – virtually unchanged from last week.

Brent

The front-month ICE Brent contract has edged \$0.12/bbl lower on the day, to trade at \$86.18/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

According to the International Energy Agency (IEA), oil markets are expected to tighten by the end of this year. Pressure will come from Saudi and Russian supply cuts through September and shrinking global inventories amid rising demand. The impending supply crunch could drive Brent higher this year, the IEA has forecast.

Meanwhile, US Strategic Petroleum Reserves (SPR) plunged below 350 million bbls in the week to 4 August, according to the US Energy Information Administration (EIA). This is the lowest level since August 1983.

As a cushion against potential supply disruptions, the low SPR level could expose the US to geopolitical shocks and sudden price fluctuations. As a result, the US could lose its strategic advantage of having access to cheap crude to mitigate sudden market shortfalls.

An EU official source has told Oilprice.com that Iraq does not want to resume oil supply from its Kurdistan-operated northern oil fields. This decision has kept nearly 450,000 b/d of Kurdish oil away from the global market.

Downward pressure:

The downward pressure on Brent remains dominated by concerns about China's economic recovery after lengthy Covid-19 lockdowns. Declining Chinese oil imports in July have further dampened the sentiment.

China's crude oil imports declined by 19% in July compared to June, reported market intelligence provider JLC, indicating weakening demand from the world's largest oil importer.

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